



# M E D I A   R E L E A S E

STATE OF TENNESSEE  
BUREAU OF TENNCARE

FOR IMMEDIATE RELEASE  
MARCH 26, 2002

CONTACT: LOLA POTTER

## **TENNCARE MAY TERMINATE HEALTH PLAN CONTRACT STATE HAS BACK-UP PLAN FOR MEMBERS**

NASHVILLE, Tenn. – The Bureau of TennCare today notified Universal Care of Tennessee, Inc. of the state's intention to terminate its contract with the health plan effective April 30, 2002.

"We must act firmly to hold managed care organizations accountable for their contractual obligations, specifically to pay providers promptly and accurately," said TennCare director Mark Reynolds. "The Department of Commerce and Insurance (TDCI) and TennCare are working together to review the health plan's difficulties, explore all options and work for the best outcome for TennCare members, providers and the state."

The decision to terminate the state's TennCare contract with Universal Care was based on problems identified in the state's oversight of the managed care organization (MCO). The problems include the MCO's failure to demonstrate sufficient financial capital, failure to demonstrate minimum net worth and failure to pay claims timely and accurately.

The letter, hand-delivered to Universal offices in Nashville, said, "The state cannot allow Universal to continue to participate in the TennCare program under these circumstances because it puts at risk the underlying purpose of a managed care organization's (MCO) participation in the TennCare program: the provision of health services to TennCare enrollees and the timely and accurate payment of claims to TennCare providers."

The contract termination would be suspended if Universal can resolve these problems by April 19, 2002. If these problems are not resolved, Universal's 134,636 members in Middle Tennessee will be transferred to the state's back-up health plan, TennCare Select, on May 1, 2002.

Doctors, hospitals and other providers who contracted with Universal Care, but not TennCare Select, will be encouraged to join the TennCare Select network. Providers with questions about joining the TennCare Select network can call TennCare Select at 1-800-276-1978 or after hours at 1-800-999-1658.

TennCare is the state's managed care health insurance program for 1.4 million Tennesseans who are Medicaid-eligible, uninsured or uninsurable.

###

STATE CAPITOL, 1ST FLOOR  
NASHVILLE, TN 37243  
615.741.2401